

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION FREE CONFERENCE COMMITTEE ON HOUSE BILL 2

Call to Order: By **CHAIRMAN BOB KEENAN**, on April 18, 2001 at 8:10 A.M., in Room 317-A Capitol.

ROLL CALL

Members Present:

Sen. Bob Keenan, Chairman (R)
Rep. Steve Vick, Chairman (R)
Rep. Matt McCann (D)
Sen. Linda Nelson (D)
Rep. Dave Lewis (R)
Sen. Tom Zook (R)

Members Excused: None.

Members Absent: None.

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Taryn Purdy, Legislative Fiscal Division
Paula Broadhurst, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.
Transcribed by Prudence Gildroy.

Committee Business Summary: HB 2

Section E:

Motion: SEN. LINDA NELSON moved that **AMENDMENT HB000201.ALH BE ADOPTED. EXHIBIT(frs87hb0002a01)**

SEN. DON RYAN, SD 22, Great Falls, advised the amendment would allow the fulfillment of campaign promises. If the unreserved fund balance of the state general fund was larger than projected at the end of the current biennium, additional money would be put into the education system, both K-12 and the university system.

Discussion:

REP. MATT MCCANN asked what amount was the trigger. **SEN. RYAN** indicated the ending fund balance would be \$42 million. At the end of the first year of the biennium, if the amount was \$60 million, \$10 million would be used.

REP. STEVE VICK noted it was only halfway through the biennium. He expressed concern with lagging income collections and the revenue estimate. He feared spending money that might not come in the second half of the biennium.

SEN. RYAN contended that his proposal would leave \$50,000 ending fund balance. **REP. VICK** said his concern was the two year budget cycle.

REP. DAVE LEWIS asked if the funding would take priority over other needs. **SEN. RYAN** said that was not the purpose. He advised cost overruns were tracked over the biennium. An accurate total of expenditures would be kept relating to income. **REP. LEWIS** expressed concern with other needs that might come up such as forest fires.

CHAIRMAN BOB KEENAN asked **Chuck Swysgood, Budget Director, OBPP**, about reserves of \$11.8 million and \$9.8 in the general fund and whether those would cause the flex fund to trigger. **Director Swysgood** advised that anything that would grow the ending fund balance would cause the trigger. SB 390 would generate \$11 million in the first year of the biennium if it passed, but would cost from thereon out. He indicated that was the "accrual piece".

SEN. TOM ZOOK said he thought it was a good idea, but recalled the rosy figures forecast in the special session and how quickly that changed.

CHAIRMAN KEENAN asked about the tobacco settlement. He noted that 40 percent would go into the trust fund and wondered about the 60 percent. **Director Swysgood** affirmed that would go into the general fund.

Vote: Motion failed with **SEN. NELSON** voting aye.

Section B:

Motion: **CHAIRMAN KEENAN** moved that **AMENDMENT HB000241.ALS BE ADOPTED. EXHIBIT(frs87hb0002a02)**

SEN. DALE BERRY, SD 30, Hamilton, advised he sponsored SB 336 to start up a volunteer clinic in Hamilton. He initially requested an annual \$50,000 appropriation but was now asking for \$25,000 in start up costs. He described the economic conditions and population growth in Hamilton. He felt that with the matches, the \$25,000 would be an excellent investment. He advised that the tobacco trust fund interest had to go to new programs.

SEN. ZOOK asked if the clinic would be staffed by retired doctors and nurses. **SEN. BERRY** replied that would be the case in the beginning, but noted that younger doctors and the dental community had expressed interest. After the clinic was established, there would be active participation.

REP. VICK asked about the wording of the amendment and why "Ravalli County" was not used. **SEN. BERRY** indicated the language was needed because a bill could not be passed that said "Ravalli County" specifically. The language would fit Ravalli County and that was the intent.

REP. MATT MCCANN expressed a concern about fairness.

Vote: Motion failed 1-5 with **SEN. ZOOK** voting yes.

Section E:

Motion: **SEN. ZOOK** moved that **AMENDMENT HB000211.AJS BE ADOPTED.**
EXHIBIT (frs87hb0002a03)

CHAIRMAN KEENAN asked about the fiscal note for SB 65. **Amy Carlson, OBPP,** explained SB 65 was amended in House Appropriations so that it would not have a net cost. It would have two effects that offset each other: one would be an increased cost in the guaranteed tax base aid going to school districts and the other would be offsetting revenue.

Discussion:

REP. LEWIS asked if the revenue increase was in HR 2. **Terry Johnson, Legislative Fiscal Division,** advised that the \$919,000 additional revenue was being carried on the general fund status sheet as anticipated revenue, but the cost side was not shown. It was shown as potential impact, but was not built in. **REP. LEWIS** asked if \$919,000 would be lost from the ending fund balance and **Mr. Johnson** indicated that was correct.

REP. VICK asked if the result would be the same if the bill was killed. **Mr. Johnson** advised the positive \$919,000 in revenue would be removed from the status sheet.

CHAIRMAN KEENAN asked about the status of the bill. **Director Swysgood** advised it was in the governor's office but he did not know if it had been signed. **CHAIRMAN KEENAN** asked what would happen if the bill made it through the process and the amendment died. **Mr. Johnson** advised that the additional revenue would be received and the expenditures would be built into the budget. It would be a net positive gain.

Taryn Purdy, Legislative Fiscal Division, advised that if the funds were not built into the budget, that either permanent costs anticipated for the BASE area would have to be lowered or actual costs would have to be lower than anticipated. Otherwise, OPI would be in a supplemental situation.

Vote: Motion carried unanimously.

Motion: **SEN. NELSON** moved that **AMENDMENT HB000238.ATP BE ADOPTED. EXHIBIT (frs87hb0002a04)**

Linda McCulloch, Superintendent Public Instruction, advised the legislature had expressed interest in testing in the schools. OPI entered into a contract to test grades 4-11 in five subject areas. The current year was the first year the tests were administered at a cost of \$278,000 annually. If OPI did not administer the money to the schools, then school districts that had not planned on it in their budgets would have to come up with the money to address the issue.

Discussion:

SEN. ZOOK asked if the tests would replace tests that were already given in the school system. **Ms. McCulloch** advised that in past years, school districts themselves decided which tests they would administer. Since the legislature required that scores be reported publically, there was now one test for the entire state. The Iowa Basic Test would be administered to all the schools. **SEN. ZOOK** asked about the grade levels tested in the past when they were called achievement tests. **Ms. McCulloch** advised it was grades 4, 8 and 11. **SEN. ZOOK** asked if the local school districts pay for those tests. **Ms. McCulloch** indicated that was true in the past. **SEN. ZOOK** asked if those tests would be in addition. **Ms. McCulloch** advised the Board of Public Education required the ITBS test for grades 4, 8 and 11. School districts could decide to give other tests of their choosing and

would pay for those. **SEN. ZOOK** asked if schools had been paying for tests in the past, then what had really changed except for the statewide contract. **Ms. McCulloch** indicated the difference was that in past years, testing was not necessarily mandated by the Board of Public Education to give the same test. **SEN. ZOOK** asked if most school districts gave those tests and **Ms. McCulloch** said she could not answer for "most".

SEN. KEENAN asked for clarification about the test and funding. **Ms. McCulloch** affirmed that the \$278,000 was for the ITBS test for grades 4, 8 and 11.

REP. MCCANN asked how many schools across the state did not require students to take the ITBS test. **Ms. McCulloch** advised that the Board of Public Education required that all schools take the test. She indicated this was the first year of the requirement for all schools in Montana and the first year of the three year contract with Riverside Publishing Company.

SEN. NELSON mentioned there were two other amendments she had withdrawn and this one was the least expensive. She pointed out the tests were required and there was an obligation to cover the cost. *{Tape : 1; Side : B}*

CHAIRMAN KEENAN asked if it was a legislative initiative or a Board of Public Education initiative. **Ms. McCulloch** explained it was a Board initiative. **CHAIRMAN KEENAN** expressed frustration. He noted a bill carried by **SEN. ALVIN ELLIS** would have funded a third grade reading test. The bill passed the Senate and a House committee voted to kill the bill. The committee felt it was not the role of the legislature to require testing, it was the Board of Public Education's role. He noted there was concern by the schools at the local level, that the accreditation standards put forth by the Board of Public Education were an unfunded mandate. The legislature was being asked to fund the testing, but any input from the legislature was not accepted.

Vote: Motion failed 5-1 with Nelson voting aye.

Motion: **CHAIRMAN KEENAN** moved that **AMENDMENT HB000239.ASC BE ADOPTED. EXHIBIT(frs87hb0002a05)**

Arnie Olson, Montana Historical Society, advised that HB 165 was a bill to repatriate human remains and artifacts related to burial. Small museums and private citizens were required to comply, creating a significant workload on the Historical Society. The funds would offset some of the expenses incurred as a result of the bill.

Discussion:

REP. LEWIS asked about the total general fund budget for the agency per year. **Mr. Olson** indicated it was slightly over \$1 million. He noted they were a small agency and they got a lot of unfunded mandates. The funding would help.

REP. MCCANN asked if it was one-time-only or ongoing. **Mr. Olson** advised it would be an ongoing process. Museums and private citizens were required to do inventory and identify items, but whenever there was a claim of "cultural affiliation" the Historical Society needed to respond. **REP. MCCANN** asked if that was their role currently. **Mr. Olson** said their only current requirement was under a federal repatriation bill concerning federal lands or where federal funds were required. SB 165 was a comprehensive change that added all the museums in the state as well as private citizens.

Vote: Motion **failed 4-2** with McCann and Nelson voting aye.

Motion: **SEN. NELSON** moved that **HB000265.APJ BE ADOPTED.**

EXHIBIT (frs87hb0002a06)

SEN. NELSON advised the amendment would add \$9,603 each year of the biennium to the Montana Bureau of Mines and Geology to fully restore the travel funds removed by the House Appropriations Committee.

Ed Deal, Director Montana Bureau of Mines and Geology, advised the amendment would restore general fund travel funds. A previous amendment partially restored travel funds from the RIT fund for the groundwater program, which should not have been removed to start with. The bureau maintains two offices in the state, but travels all over the state working with individuals, various governmental bureaus, and conservation districts.

Discussion:

SEN. ZOOK asked about groundwater assessment. **Mr. Deal** advised that was a program of the Montana Bureau of Mines and Technology. **SEN. ZOOK** asked if increased activity in that area was expected because of the coal-bed methane activity in southeastern Montana. **Mr. Deal** explained that the methane activity would probably not gravely affect the groundwater assessment program. The program was laid out a couple of years in advance and they were having additional assessments due to drought conditions in the state. Other programs in the bureau would be addressing the methane issues. **SEN. ZOOK** asked which programs would be involved. **Mr. Deal** advised their Billings office would be involved and there

were water monitoring programs around the coal mines at Decker that were proving valuable in assessing the effects of coal-bed methane. **SEN. ZOOK** contended it was an important issue in the discussions between the Environmental Quality Council and the State of Wyoming. He stated support for the amendment.

REP. MCCANN asked what the effect would be of not restoring the general fund travel dollars. **Mr. Deal** indicated they would be limited in their ability to get out to individuals and conservation districts. Much of their money was grant supported, but without the general fund travel dollars their core programs and the ability to get out and work with people would be cut back by about 25 percent.

REP. VICK asked if their budget was under the Commissioner of Higher Education Office and **Mr. Deal** affirmed it was. **REP. VICK** noted that \$289,000 was restored to the commissioner's office. He wondered if the bureau received any of the \$289,000. **Mr. Deal** advised their budget was a line item within the commissioner's office budget.

SEN. NELSON commented that water issues were terribly important. The funds should not have been removed in the first place.

REP. LEWIS asked if **SEN. NELSON** would consider a substitute motion to take the funding out of the \$289,000 for the commissioner's office. He believed that was restored for travel but that none trickled down to the bureau. **SEN. NELSON** said she would support it if that would make it pass. She preferred it be voted on in its original form.

Vote: Motion **failed 3-3. Lewis, Vick and Zook voted no.**

(Note: Two aye votes from each house needed to pass amendment)

Motion: **SEN. NELSON** made a motion **TO RESTORE TRAVEL FUNDS FOR THE MONTANA BUREAU OF MINES AND TECHNOLOGY OUT OF THE \$289,000 TRAVEL MONEY IN THE COMMISSIONER'S OFFICE.**

Vote: Motion **carried 5-1 with Vick voting no.**

Motion: **REP. LEWIS** moved that **AMENDMENT HB000270.APJ BE ADOPTED. EXHIBIT (frs87hb0002a07)**

REP. LEWIS explained the amendment would reduce a line item in the lump sum for the university system and reallocate those funds to the Agricultural Experiment Station.

Pam Joehler, Legislative Fiscal Division, advised the funding would backfill agency-projected shortages in proprietary funds

(sales and service revenue) and federal funds. The amendment would reduce the base funding for the university units and colleges of technology by \$156,000 each year of the biennium and would reallocate those funds to the Agricultural Experiment Station.

Discussion:

REP. LEWIS noted that it was a concern of the industry that the critical programs of the Agricultural Experiment Station would suffer unless they were backfilled.

SEN. NELSON asked for feedback from the Agricultural Community. **John Youngblood, Agricultural Coalition**, responded that the total amount of the cutback was \$220,000 per year. It was proprietary sales income and was in the budget. They had to sell that much product in order to make that amount. They also budgeted for federal grants they did not get. The amendment would be a partial backfill. **SEN. NELSON** asked about the membership of the coalition. **Mr. Youngblood** advised it included the Farm Bureau, stock growers, grain growers, cattlemen, wool growers, and dairymen. He was unable to reach the Farmer's Union regarding the issue.

REP. VICK noted he got a lot of letters from the agricultural community. There were concerns about the funding source from **Dr. Sharron Quisenberry, Director, Agricultural Experiment Station**, so he felt he could not support the amendment.

Mr. Youngblood expressed that would not be their first choice for the funding source, but felt it was the only way due to the current state of the general fund.

SEN. ZOOK asked **REP. VICK** if that was the only letter he received from university people. **REP. VICK** indicated it was not. **SEN. ZOOK** wondered about those letters arriving at the same time and whether there was arm twisting involved and **REP. VICK** admitted there probably was.

SEN. NELSON thought it would be fair to hear from someone from the university system.

Jeff Gamble, President, Montana State University, advised that components of the university system had agreed to work together to further the funding base for the whole system as well as well as for each of the agencies of the university. He noted that the letters had expressed their thanks and that money was already being moved around in the university system. The reallocation of funds would produce additional stresses and they would rather

balance out the equation on their own rather than have it forced externally.

SEN. NELSON pointed out the amendment was difficult for her. She supported the university system, but had agriculture in her area and no university system. She felt bad about cutting one program to keep another alive, but that she probably would support it.

Dr. Dick Crofts, Commissioner Higher Education, reminded the committee that the motion would move general fund and it was general fund that paid for the education of students. They did not think it important to cannibalize. The reallocation would cause a further reduction in programs and services or further increases in tuition. They were in support of money for individual university units, but could not support taking money that was intended to pay for the education of students.

SEN. ZOOK commented that one of the difficulties was that the Ag Experiment Stations had been neglected for years, and a unified approach when dealing with the legislature was fine except that only certain individuals were heard from in that situation. When the stations had to rely on the income from sales, they became farmers and ranchers and not research stations. He felt help was important and pointed out that agriculture was the number one industry.

Vote: Motion **carried 4-2 with Keenan and Vick noting no.**

Motion: **REP. LEWIS** moved that **AMENDMENT HB000271.APJ BE ADOPTED. EXHIBIT (frs87hb0002a08)**

REP. LEWIS advised the amendment was a continuation of what was proposed in the previous amendment. It would reduce the Appropriation Distribution base funding line for the university system and would reallocate money to the Extension Service. The general fund appropriation for the Extension service would be increased, vacancy savings would be reduced and the amendment would establish a one-time-only line item for a position within the Extension Service/Montana Beef Network program. The amendment would also include some technical changes and language additions. He remarked about a letter from the current chair of the MSU College of Agricultural Development Board that talked about Vision 2005. **{Tape : 2; Side : A}**

Discussion:

REP. VICK asked **President Gamble** about the funding if the amendment did not pass. **President Gamble** noted the issues were the same. The request that came forward during appropriations

from the Extension Service clearly outlined some of the economic development benefits. The university intended to work internally to try to satisfy the mission goal of the institution. He professed to **SEN. ZOOK** that agricultural was very high on their agenda. He said they were starting to look at the budget currently and wanted to stay healthy across the board.

REP. VICK hoped the amendment would pass. **Mr. Gamble** vowed they would move ahead aggressively and be publicly accountable. Agriculture was a major piece. He understood the long-standing existing situations.

SEN. NELSON asked about the Montana Beef Network. **John Youngblood, Agricultural Coalition**, explained that the network worked with the Montana Stock Growers Association to track productive herds and develop genetics for higher yields. The "tech transfer" position would be used to help identify cattle and take care of paperwork and logistics. He felt it would be an important aspect, considering the current situation with diseased beef in Europe. Identification and tracking would be of added importance. **SEN. NELSON** asked if the Department of Livestock would play a role. **Mr. Youngblood** advised it would be done through the Montana Stock Growers and the Extension Service.

Vote: Motion carried 4-2 with Keenan and Vick voting no.

Motion: **CHAIRMAN KEENAN** moved that **AMENDMENT HB000245.ATP BE ADOPTED. EXHIBIT(frs87hb0002a09)**

Tom Daubert, Montana Traffic Education Association, advised the amendment would involve no general fund money. The funding would come from a portion of drivers' license renewal fees. Drivers Education teachers were asking the amendment be adopted, because the money was needed to fund the development of a new curriculum. The curriculum had not been updated since 1994, and since then the legislature had adopted a number of new laws pertaining to driving regulations.

Discussion:

REP. VICK wondered if the amendment involved a change in the drivers license renewal fee. **Mr. Daubert** explained it involved the fact that the flow of money had changed because of the length of time a drivers license would last. **REP. VICK** asked if the cost of drivers license would have to be raised. **Mr. Daubert** said his understanding that the money was already there and that the amendment would allow it to be used. **REP. VICK** asked if student fees stayed local and **Mr. Daubert** affirmed that money funded the program at the local level.

REP. LEWIS asked for assurance that there would be no cost to the general fund. **Mr. Daubert** advised it was special revenue from a portion of drivers license renewal fees that did not go into the general fund. They would go into an earmarked account for drivers education.

SEN. NELSON asked about the program review. She wondered if the drivers licensing teachers would do the program review or if it would be done in the Office of Public Instruction. **Mr. Daubert** indicated it would be a combination. The work would be done in Helena, but the money would be used to fund the expenses of teachers to come to Helena to work on it with OPI. Some of the money would also fund OPI coming to the schools to give technical assistance. **SEN. NELSON** asked if it would fund travel instead of the creation of the updated material. **Mr. Daubert** said it would fund the work and travel.

CHAIRMAN KEENAN asked if OPI supported the amendment and **Superintendent McCulloch** indicated yes.

Vote: Motion carried 6-0.

Motion: **CHAIRMAN KEENAN** moved that **AMENDMENT HB000277.APJ BE ADOPTED. EXHIBIT(frs87hb0002a10)**

CHAIRMAN KEENAN noted the amendment concerned the Flathead Lake Biological Station at Yellow Bay and their involvement in the groundwater assessment of coal-methane development. He segregated amendment #1.

Discussion:

REP. VICK thought there was other money available relating to water quality to fund the program. **CHAIRMAN KEENAN** advised that would be a separate amendment that had to do with a thirty-year monitoring of water quality in Flathead Lake. In the last biennium \$180,000 general fund was appropriated. He was working on federal money to put into that program. He said the \$400,000 would go into the operations of Yellow Bay and not earmarked specifically for methane gas. He had been talking to **Dr. Jack Stanford, University of Montana**, about the issue. **REP. VICK** was concerned about taking that amount of money out of the energy contingency fund.

SEN. NELSON asked if there was an amount already taken from that fund. **CHAIRMAN KEENAN** advised there had been \$3.3 million in the Energy Contingency Account. SB 445 took \$1.7 million and the amendment would take \$400,000, leaving \$1.2 million in the Energy

Contingency Fund. **SEN. NELSON** asked about amendments #2 and #3. **CHAIRMAN KEENAN** explained he would not line item the Yellow Bay budget. He had been assured by **President George Dennison, University of Montana**, that no line item would be needed. He explained that the state funding from the Board of Regents to Yellow Bay was \$376,000. He further explained that the \$400,000 would come out of amendment #1 and going into amendment #2 as spending authority. Language would be worked out.

REP. MCCANN asked if that would be an expansion for Yellow Bay over and above what their appropriation would be from the university system. **CHAIRMAN KEENAN** affirmed it would and that it would be one-time-only. There would be language needed in amendment #3 that would line item the \$400,000 to Yellow Bay.

Taryn Purdy, Legislative Fiscal Division, suggested that \$200,000 per year be line itemed to insure the money would go to Yellow Bay for the particular purpose and that it be one-time-only.

Substitute Motion/Vote: **REP. VICK** made a substitute motion **TO CUT THE AMOUNT TO \$200,000 AS A BIENNIAL APPROPRIATION RESTRICTED TO ONE-TIME-ONLY**. Substitute motion carried unanimously.

Motion: **CHAIRMAN KEENAN** moved that **GLOBAL AMENDMENT HB000236.ATY BE ADOPTED**. **EXHIBIT**(frs87hb0002a11)

Todd Younkin, Legislative Fiscal Division, explained the amendment would implement the provisions of SB 445. It would take all the programs that were moved from the Department of Commerce and move them into their respective departments. The net general fund change was zero. State special revenue was decreased.

Vote: Motion carried unanimously.

Section A:

Motion: **CHAIRMAN KEENAN** moved that **AMENDMENT HB000235.ASC BE ADOPTED**. **EXHIBIT**(frs87hb0002a12)

Chuck Swysgood, Budget Director, OBPP, explained the amendment would add \$10,000 general fund for the use of retired judges when they were called for duty to help with case loads of the judiciary. It was submitted because HB 176 had been signed by the governor.

Discussion:

SEN. ZOOK asked how the situation would be handled without the funding. **Lisa Smith, Judiciary**, indicated it would be handled. She noted there had been another bill that would have had an impact on judges. The two bills would expand the pool of judges that could be called in. The fiscal note was written as an estimate. The Chief Justice would appoint the judges and if there was no money, she would not appoint them. One option would be for a restricted line item.

Vote: Motion **failed 0-6.**

{Tape : 2; Side : B}

Motion: **CHAIRMAN KEENAN** moved that **AMENDMENT HB000242.ASC BE ADOPTED. EXHIBIT(frs87hb0002a13)**

CHAIRMAN KEENAN advised that the amendment was for one-time-only spending authority for a grant to the Flathead Basin Commission. The funds would be used to create a Groundwater Quality and Monitoring Plan for the Northern Flathead Valley and the Flathead Lake Perimeter.

Discussion:

REP. LEWIS asked if some of the money would be used for the water rights study that **REP. VERDELL JACKSON** had put forth since it was all from the same drainage.

Mary Jo Murray, Governor's Office, explained the grant was to the Flathead Basin Commission. She didn't know if it was available to anyone else, but it had already been funded to the commission.

CHAIRMAN KEENAN advised there was a pollution monitoring project organized by the Flathead Basin Commission and volunteers were recruited to identify and monitor non-point source pollution.

Vote: Motion **carried unanimously.**

Motion: **REP. MCCANN** moved that **AMENDMENT HB000245.ASC BE ADOPTED. EXHIBIT(frs87hb0002a14)**

Vote: Motion **failed 0-6.**

-recess-

Motion: REP. LEWIS moved that **AMENDMENT HB000261.APG BE ADOPTED.**
EXHIBIT (frs87hb0002a15)

CHAIRMAN KEENAN advised the amendment would reverse an amendment he made in Senate Finance Committee which took the general fund from the Department of Justice for the Citizens' Review Boards, a pilot program begun in 1993. He stated that DPHHS had Foster Care Review Boards. His amendment restored 75 percent to DPHHS and the other 25 percent went to the CASA Guardian Ad Lidum program.

Discussion:

SEN. NELSON commented she had a lot of mail on the issue and that it was running about fifty-fifty. **CHAIRMAN KEENAN** advised he had gotten an incredible amount of support.

SEN. ZOOK asked how it came out of House Appropriations. **CHAIRMAN KEENAN** advised the amendment would re-establish it the way it was when it came off the House floor.

Vote: Motion **carried 4-2 with Keenan and Nelson voting no.**

Section B:

Motion: **CHAIRMAN KEENAN** moved that **AMENDMENT HB000246.ALS BE ADOPTED.** **EXHIBIT (frs87hb0002a16)**

CHAIRMAN KEENAN explained it had been a concern that tobacco prevention money be properly spent. He handed out a brochure for the Prevention Resource Center at DPHHS and indicated it had never been properly funded. The amendment would use tobacco prevention money to fund the center through the Interagency Coordinating Council and Americorp's Vista program.

EXHIBIT (frs87hb0002a17)

Lois Steinbeck, Legislative Fiscal Division, explained the funds would be taken out of the Health Policy Services Division within DPHHS. She pointed out that the amendment would transfer funding and 5 FTE, not 6 FTE.

REP. LEWIS advised that he got a lot of mail from people concerned about the fact that out of \$1,482,291 for tobacco prevention only half of the money was being used for tobacco prevention. He did not think people were aware of the fact that there was almost \$1 million a year in federal money.

SEN. NELSON noted it was a change and wondered if there were comments.

CHAIRMAN KEENAN asked how the transfer of FTEs would work.

Maggie Bullock, Administrator, Health Policy and Services

Division, advised the FTEs would move from the division over to the director's office. **CHAIRMAN KEENAN** clarified the amendment would transfer funding and about 5 FTEs for tobacco control and prevention. He was curious about the need for the 5 FTEs. He remembered when \$7 million went into HB 2 from free conference committee in the previous session, he was concerned that the money would be spent more on things other than direct prevention programs. He did not want to spend it on building bureaucracy and programs at the county level. He wondered if somehow in the transfer, if 5 FTEs were not needed, the money could be used in the schools and communities for tobacco prevention. **Ms. Bullock** replied it was her understanding that the grant money involved required the 5 FTE.

Vote: Motion **carried unanimously.**

Ms. Steinbeck explained three amendments dealing with CHIP eligibility. All three would require a bill be passed by the legislature to raise financial eligibility to CHIP from 150 to 160 percent of poverty. SB 338 which dealt with CHIP had been transmitted to the governor. Two of the amendments would add the same amount of money to expand CHIP to 160 percent of poverty: about \$300,000 general fund the second year of the biennium and another \$1.4 million federal funds. The primary differences were in language: one had generic language and one was tied to SB 338. The third amendment had generic language and would amend language in Addictive and Mental Disorders dealing with the \$480,000 for grants to provider coalitions. It would lower that \$480,000 to \$320,000 to allow AMDD to treat eligible kids who also had a mental illness. She thought the committee might like to ask the department if there was conflict between the current statute governing the mental health program and the amendments.

CHAIRMAN KEENAN advised that SB 82 was his bill that generally revised mental health laws. He said there was a governor's amendment that would change the eligibility to 160 percent.

Director Swysgood indicated that there would also be an amendment to SB 338 to raise CHIP eligibility to 160 percent. In the governor's budget as originally presented to the legislature, CHIP was funded at 160 percent of poverty. They still wanted to fund at 160 percent, but if that was not the wish of the legislature, the language would be there to be looked at in the next session. He asked that it be funded in the second year of the biennium. He thought amendment HB000229.als would be the one needed. **EXHIBIT(frs87hb0002a18)**

Discussion:

SEN. ZOOK asked if the amendment covered the amount needed to take care of the additional ten percent that was being asked for. **CHAIRMAN KEENAN** said that was his understanding. **SEN. NELSON** asked if that would encompass the other two amendments. **CHAIRMAN KEENAN** said it was all encompassing.

Motion: **SEN. NELSON** moved that **AMENDMENT HB000229.ALS BE ADOPTED.**

SEN. ZOOK asked if the amendment did not pass if funding would remain at the 150 percent level and **CHAIRMAN KEENAN** affirmed that.

REP. LEWIS asked about the amendatory veto of SB 338 where it was taken up to 160 percent. He recalled language in the bill changing the amount, scope and duration of services. He wondered if the amendment failed, if they would go ahead and move administratively to 160 percent. **Director Swysgood** said that was correct.

CHAIRMAN KEENAN asked if the amendment would change the likelihood of not using up available federal funds versus going to 160 percent. **Ms. Steinbeck** indicated there were a lot of contingencies that could change the answer to that question. If eligibility were not expanded, there was the potential that federal grant funds would be reverted.

Mary Dalton, DPHHS, advised that if the percentage stayed at 150, they would use less of the federal grant. Even at 160 percent, they would probably come back in the next session about the amount left.

CHAIRMAN KEENAN asked if there were any other changes in the rules. **Ms. Dalton** indicated they had to change to comply with Medicaid rules and they had to add disregards for both childcare and working parents. CHIP had to follow those same rules. If there were further federal rule changes, they would have to comply with those as well.

REP. VICK expressed concerns about how the program got started, the expansion, and the level of services. He wondered how much of the medical and insurance business should be taken over by the state. He did not favor expansion of the program and felt it was close to becoming an entitlement program. He would not support the amendment.

{Tape : 3; Side : A}

REP. LEWIS spoke about expanding services to children in subcommittee including eliminating the funding in the Medicaid assets test. The money was later diverted for other purposes and he resisted the amendment for that reason.

SEN. NELSON withdrew her amendment.

Motion: **REP. MCCANN** moved that **AMENDMENT HB000245.ALS BE ADOPTED. EXHIBIT (frs87hb0002a19)**

REP. MCCANN explained the amendment would strike part of the original amendment passed on April 17, 2001, and retain the portion for AIDS treatment and prevention. It would change the fund type from state special revenue to general. He said there was a pool of money remaining with DPHHS and he asked for favorable consideration.

Discussion:

SEN. ZOOK asked why less would be spent. **REP. MCCANN** advised that initially the state special was written at \$100,000. He did not think the program had ever been funded. **Ms. Purdy** explained that the appropriation had been eliminated because a bill that would have allowed the expenditure to take place was not passed. There was no money for the Aids treatment and prevention in HB 2. In order to allow the line item to continue, the amendment would reinstate the line item and replace it with general fund.

SEN. NELSON asked why assistance to students studying speech pathology was also included in the amendment. **Ms. Purdy** clarified it was one of the appropriations that had been removed and the amendment was not asking it be restored.

SEN. NELSON asked if there was Aids treatment currently of any sort. She asked how much was being expended and how much of that was funding treatment and prevention. **Ms. Dalton** advised there were three kinds of funding sources. Depending on the economic circumstances of an individual, they might or might not qualify for the individual funding sources. If Medicaid eligible, they could receive treatment through that program. If they had income or resources in excess of Medicaid eligibility, they might be able to access Ryan White funds. She said there was about \$272,000 added back to the base and another \$100,000 was added in conference committee for prevention and education. The amendment would fund about 140 folks through Ryan White funds.

Vote: Motion **carried 5-1 with Zook voting no.**

Motion: CHAIRMAN KEENAN moved that AMENDMENT HB000266.APG BE ADOPTED. EXHIBIT(frs87hb0002a20)

SEN. ZOOK remembered dealing with the issue and asked about the use of "exterior boundaries". He felt that issue needed research. CHAIRMAN KEENAN agreed to hold the amendment.

Pat Gervais, Legislative Fiscal Division, pointed out that the amendment would adjust HB 2 language. The "exterior boundary" language was requested by the Montana Wyoming Tribal Leaders Council.

REP. LEWIS asked if that was replaced with SEN. JOHN COBB's amendment. Ms. Gervais advised SEN. COBB's amendment dealt with a different piece of language in HB 2 and clarified that rather than just dealing with enrolled members on the reservation, that enrolled members living on and off reservations would be included. She advised the amendment was at the request of OBPP. Bob Andersen, OBPP, advised they had thought the amendment had been withdrawn.

REP. VICK noted that the "exterior boundaries" language was already in HB 2 with passage of amendment HB000269.apg.

Section C:

SEN. ZOOK advised that he would withdraw amendment HB000244.agh EXHIBIT(frs87hb0002a21) because the issue would be addressed by a governor's amendment on SB 179.

Motion: REP. MCCANN moved that AMENDMENT HB000286.ALT BE ADOPTED. EXHIBIT(frs87hb0002a22)

REP. MCCANN advised the amendment asked that the Public Service Commission (PSC) vacancy savings be restored and would allow funding of positions in their office they felt they would need in the upcoming biennium. It would provide \$25,000 each year for reorganization/reclassification of positions to retain professional people within the department. He felt comfortable offering the amendment because the reorganization money had been reduced. The idea was to keep the PSC intact and professional to deal with the deregulation issues.

REP. VICK asked about the vacancy savings. REP. MCCANN understood it was 2 percent. Lorene Thorson, Legislative Fiscal Division, advised the amendment would restore all the vacancy savings. REP. VICK said he was uncomfortable with that. Other

agencies were reduced at 2 percent and he would be more comfortable with that.

Substitute Motion: REP. MCCANN made a substitute motion that **THE VACANCY SAVINGS BE AT 2 PERCENT.**

SEN. ZOOK asked if that would strike the \$63,000 each year. Ms. Thorsen said it would cut the vacancy savings in half by restoring 2 percent. SEN. ZOOK asked about the unfunded present salaries. REP. MCCANN believed that was for another attorney or two in the PSC.

REP. MCCANN withdrew his amendment so that the PSC could come and testify as to their position.

SEN. NELSON asked that the committee reconsider HB000277.alt.

Vote: Motion failed 2-4.

ADJOURNMENT

Adjournment: 10:50 A.M.

SEN. BOB KEENAN, Chairman

PAULA BROADHURST, Secretary

BK/PB/PG

Transcribed by Prudence Gildroy

EXHIBIT (frs87hb0002aad)